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S/S 6256

DEPARTMENT OF STATE

Washington, O.C. 20520

EPARTMENT OF STATE A/CDC/MB

MEMORANDUM FOR MR. HENRY A. KISSINGER REVIEW

THE WHITE HOUSE

Cat. A) Caption removed; transcarred to O/FADRC

Cat. B - Transferred to O/FADRC with additional acress centrelled by \$7\$ May 20 Sino-U.S. Talk

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The Chinese Communists have now responded to Bur

April 1 proposal that our next meeting take place on "April 30 or any date thereafter" with the suggestion that we meet in Warsaw on May 20. We have accepted.

We have assumed since early April that the Chinese may have been having second thoughts on the desirability at this time of pursuing their talks with us, and particularly of pressing forward on the "higher-level meeting" issue. One Chinese Communist official in Hong Kong said last week (knowing that his comment would be passed on to the U.S. Government) that the next Warsaw meeting had been delayed because of the problems of Japan and Southeast Asia, but that another meeting would "eventually" be held and the U.S. should not be "discouraged." We do not believe that Japan has really been a stumbling block but there is little doubt that the situation in Southeast Asia has been a delaying factor and may continue to complicate any further forward movement between Peking and ourselves.

We have been struck, furthermore, by an apparent "hardening" of Peking's propaganda stance on a range of international issues since the beginning of April--possibly following a Politburo meeting which may have occurred at the end of March.

Since that time, Peking has

-- sent Chou En-lai on a sudden and, apparently, previously unscheduled trip to Pyongyang to improve Peking relations with the North Koreans;

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- -- come out openly in support of Sihanouk, sharpened its direct attacks on the Lon Nol Covernment and to some degree become involved in planning and support for a united Indochinese "people's front";
- -- intensified attacks on Japan, both during Chou's Pyongyang trip and in Chinese talks with Japanese trading delegations;
- -- strengthened its polemics against the Soviets both in volume and tone;
- -- for the first time since our initial moves last summer, commented adversely--although without official attribution--on prospects for improvement in Sino-U.S. trade; and now
 - -- delayed our talks in Warsaw by another three weeks.

It is unclear whether these events are related to some general Peking decision to pull back from developing contacts with the U.S. and intentionally to pursue a generally "harder" policy line or merely represent window dressing for Peking's policy uncertainties. A standard Chinese reaction when faced with difficult problems and uncertain situations is to bristle like a hedgehog and talk tough. We believe, however, that while Peking is (a) burnishing its revolutionary image in Indochina, (b) being sympathetic--or more--to the problems the Cambodia coup has posed for Hanoi, (c) looking out for Chinese interests, as opposed to those of Hanoi, in the Indochina area, and (d) watching to see whether the new situation brings new U.S., South Vietnamese or Thai intervention in Cambodia or Laos, the Chinese may be more cautious in pursuing their bilateral negotiations with the U.S. and in looking toward a Sino-U.S. meeting in Peking in the relatively near future.

Nevertheless, we find the fact that the Chinese have agreed to renew our dialogue at this time surprising in

itself in the light of all these considerations and see this as a Chinese move to hold open all their own options. The Chinese may believe that precisely because the Southeast Asian situation, is so fluid and uncertain it is important for them to maintain some contact with the U.S. They may have been waiting to see whether Chiang Ching-kuo's visit produced any new shifts in U.S. policy toward China. There could be other considerations relating to Sino-Soviet relations or other internal issues which are not visible to us at this time. In any event Peking still retains the flexibility to cancel or postpone the May 20 meeting if events between now and that time seem to them to make this desirable.

There is, furthermore, the question of whether, assuming the May 20 meeting date holds up, the Chinese will continue to pursue the bilateral issues raised at our last two meetings, place a new focus on Indochina, or even revert to the polemical, sterile formulas which characterized their performance at earlier meetings.

We believe a return to sterility is much less likely than either of the other two alternatives. The Chinese must be considering the difficult policy dilemmas they fact in Southeast Asia and vis-a-vis the U.S. and the Soviet Union. There are probably divided counsels at the top in Peking. While they may not have fully made up their minds yet as to what stance to take at the May meeting, we think that Peking's interest in exploring the limits of U.S. policy toward Taiwan will incline it to continue along the same track as at the January and February meetings.

We will review the guidance for Ambassador Stoessel's use at the next Sino-U.S. meeting approved by the President several weeks ago with a view to making appropriate recommendations on additions or changes in this guidance which might be desirable prior to the May 20 meeting.

Theodore L. Eliot, Jr.
Executive Secretary

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